

M e m o r a n d u m

To: Panel Members Date: June 22, 2007

From: Dolores Kendrick, Manager Analyst: M. Reeves

Subject: One-Step Agreement for **DCX-CHOL ENTERPRISES, INC.**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Promotion of California's Manufacturing Workforce Moving To A High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 294
 - *In California:* 181
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$96,390
- Substantial Contribution: \$0
- Total ETP Funding: \$96,390
- Total In-kind Contribution: \$122,303
 - *Trainee Wages Paid During Training:* \$122,303
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles and Santa Clara

INTRODUCTION:

DCX-CHOL Enterprises, Inc. (DCX-CHOL) designs, manufactures, and assembles high reliability interconnect and mechanical assembly products for the commercial aerospace and defense industry. DCX-CHOL qualifies for standard ETP funding as a manufacturing company facing out-of-state competition under Title 22, California Code of Regulations (CCR), Section 4416(i). DCX-CHOL proposes to retrain 45 employees in the skills necessary to become a high performance workplace.

MEETING ETP GOALS AND OBJECTIVES:

DCX-CHOL proposes training that will further the following ETP goals and objectives:

- 1) Promote California's manufacturing workforce.
- 2) Assist employers moving to a high performance workplace.
- 3) Foster job retention in the aerospace manufacturing industry where companies face strong out-of-state competition.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainee	MENU: Business Skills Advanced Technology Continuous Improvement Manufacturing Skills Management Skills	45	24 - 200	0	\$2,142	*\$13.51 - \$72.12
Wages After 90-Day Retention						
<u>Occupation</u>						
Production Staff Administrative Staff Engineering Staff Information Technology Staff Supervisor Manager						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> *Health benefits of at least \$1.17 per hour may be added to the base wage to meet the ETP minimum hourly wage of \$13.51 for Los Angeles and Santa Clara Counties.					<u>Turnover Rate</u> 19%	<u>% Of Mgrs & Supervisors To Be Trained:</u> 20%
<u>Other Employee Benefits:</u> Sick Leave, Vacation, Holiday Pay, Family Leave, 401(k), Education Reimbursement.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

All participants in this project meet the Panel definition of frontline workers under Title 22, CCR, Section 4400(ee), except for nine managers and supervisors.

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ *Advanced Technology*

Advanced Technology training in highly technical network software will be provided to approximately five employees from the company's Information Technology (IT) staff. These trainees handle complex network programming assignments. Training topics will include building Extensive Markup Language (XML) Web Services, developing Ajax Web Applications, Structured Query Language (SQL), Deploying Virtual Server and Workstation, and Windows Programming.

Information provided by DCX-CHOL's representative indicates that these training classes will cost the company approximately \$2,590 per module for each trainee. Each module consists of 24 to 40 hours of class/lab training and the trainer-to-trainee ratio will not exceed 1:10. The company is requesting the \$26 per hour Priority Industry reimbursement rate to offset the high cost of this training which will be delivered by professional training vendors.

RECOMMENDATION:

Staff recommends that the Panel approve this Proposal based on the company's need to upgrade the technical expertise of its workforce to facilitate its move to a high performance workplace. Staff also recommends that the Panel approve the high training costs associated with the Advanced Technology training critical to maintaining DCX-CHOL's level of competitiveness.

NARRATIVE:

Headquartered in Los Angeles, DCX-CHOL was formed in 1997 through the merger of its parent company, DCX Corporation and CHOL Enterprises, Inc. The company has California facilities in Los Angeles, Chatsworth, and Mountain View. DCX-CHOL designs, manufactures, assembles and tests high reliability interconnect and mechanical assembly products for land, air, deep space and sea applications. The company's product line includes cable assemblies and wire harnesses, custom connectors and adaptors, conduit tubing, enclosures, chassis, test sets, electronic assemblies, wired controls, switches, and printed circuit boards.

NARRATIVE: (continued)

DCX-CHOL's customers include the Federal Government, United States Military, major aerospace original equipment manufacturers (OEMs), and military subcontractors, such as Lockheed Martin, BAE Systems, Raytheon, and Northrop Grumman. These entities rely on DCX-CHOL for turnkey build-to-print production, prototype development, project management, error free contract manufacturing, concurrent engineering, repair and after market services, design engineering, documentation, and installation.

DCX-CHOL was recently awarded multimillion dollar contracts that require the company to expand its products and services. Further, the company anticipates future orders will require additional engineering modifications and component changes to meet industry standards. To meet customer demands and secure its competitive position in the marketplace, DCX-CHOL has purchased computer-aided drafting (CAD) and engineering software designed to accelerate its testing and modification processes. To achieve "white glove" quality production levels, DCX-CHOL must improve plant efficiency and increase productivity. The company must equip its workers with the skills to solve problems and make critical decisions that will allow them to adapt more quickly to organizational and technological changes. The company has also developed a new Kaizen production line in response to emerging business opportunities. In addition, the company's engineering staff has been equipped with innovative software solutions to assist them with plan specifications. The proposed training plan will enable DCX-CHOL to attain higher productivity levels and improve operational efficiency.

Business Skills training will equip administrative staff, frontline workers, managers and supervisors with the communication skills needed to improve external customer relations and inter-departmental communications. Trainees will acquire the product knowledge, business strategies, and customer service skills necessary to market products successfully and thoroughly address customer concerns.

Advanced Technology training will be provided to IT staff. These trainees will receive extensive training programming windows applications, building XML web services, C# programming, and SQL reporting services. This training is designed to equip workers with advanced skills to design, build, and maintain the industry's most sophisticated data network systems.

Continuous Improvement training will focus on teamwork, lean manufacturing, frontline leadership, and quality improvements. All trainees will participate in these modules. Trainees will learn to work in cohesive, high-performing teams to solve problems and implement process improvements.

Manufacturing Skills training will equip production staff with the skills to perform more efficiently, minimize waste, and improve product quality. These training modules will upgrade workers' production talents and equipment operation skills. This training is intended to enhance the company's manufacturing processes.

Management Skills training will provide managers and supervisors with the leadership, motivation, decision-making and delegation skills necessary to foster teamwork throughout the organization.

NARRATIVE: (continued)

Commitment to Training

ETP funding will not displace the employer's existing resources for training. In the past, DCX-CHOL has provided safety training, seminar instruction for management and sales staff, sexual harassment prevention training, and other compliance-related training topics. The company has also provided on-the-job shadowing for newly hired production employees and informal Lean Manufacturing training for select executives.

ETP funding will allow DCX-CHOL to implement a companywide training program designed to teach its frontline and management workforce the skills necessary to move the company towards its goal of becoming a high performance workplace.

At the completion of ETP-funded training, DCX-CHOL plans to establish a structured training program modeled after the continuous improvement, manufacturing and business skills topics set forth in this proposal. DCX-CHOL expects to allocate approximately \$20,000 to \$25,000 to fund ongoing refresher courses designed to keep workers current on new technology and manufacturing processes.

SUBCONTRACTORS:

The following subcontractors will provide class/lab training services in an amount to be determined:

Lexicon Training Services, Los Angeles
National Instrument, Mountain View
The Learning Tree, El Segundo

THIRD PARTY SERVICES:

Lexicon Training Services assisted with the development of this proposal at no charge to DCX-CHOL.

DCX-CHOL ENTERPRISES, INC.

MENU CURRICULUM

Class/Lab Hours
(24 – 200)

Trainees will receive any of the following:

BUSINESS SKILLS

- Project Management/Business Performance
- Customer Service
- Communication Skills
- Conflict Management
- Product Knowledge

ADVANCED TECHNOLOGY

(Information Technology Staff only)

- Deploying Clusters
- Switches and Routers
- Scripting Windows Administrative Tasks
- Deploying Virtual Server and Workstation
- SQL (Structured Query Language) Server Reporting Services
- Programming Windows Applications
- Developing Ajax Web Applications
- Building XLM (Extensible Markup Language) Web Services
- C# Programming

CONTINUOUS IMPROVEMENT

- Total Quality Management
- Continuous Process Improvement (CPI)
- Quality Concepts, ISO
- Statistical Process Control (SPC)
- Teambuilding
- Frontline Leadership Skills
- Lean Techniques
- Kaizen Events, Five S
- Lean Manufacturing
- Six Sigma

DCX-CHOL ENTERPRISES, INC.

MENU CURRICULUM (continued)

MANUFACTURING SKILLS

- Auto Testing Systems (Lab View)
- Blueprint Reading
- Equipment Operation
- Manufacturing Practices
- Cross-training in Production Equipment & Skills

MANAGEMENT SKILLS

(Managers and Supervisors only)

- Leadership Skills
- Supervising Techniques
- Decision Making
- Coaching Procedures
- Motivation
- Teambuilding
- Time Management